

Education and Workforce Development Cabinet

Kentucky's unemployment rate holds steady at 7.7 percent in May 2014

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FRANKFORT, Ky. (June 19, 2014) — Kentucky's seasonally adjusted preliminary unemployment rate remained at 7.7 percent from April 2014 to May 2014, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary May 2014 jobless rate was .6 percentage points below the 8.3 percent rate recorded for the state in May 2013.

The U.S. seasonally adjusted jobless rate was 6.3 percent in May 2014, unchanged from the previous month, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates from the Current Population Survey of households. It is designed to measure trends rather than to count the actual number of people working. It includes jobs in agriculture and those classified as self-employed.

In May 2014, Kentucky's civilian labor force was 2,062,476, a decline of 2,382 individuals compared to the previous month. Employment was down by 1,721, while the number of unemployed decreased by 661.

"The labor market continues to be strong in Kentucky. The drop in the labor force is driven by demographics. It's a result of baby boomers choosing to leave the labor market," said economist Manoj Shanker of the OET.

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's seasonally adjusted nonfarm employment was up by 7,500 jobs to 1,849,500 in May 2014 from the previous month. On an over-the-year basis, the state's nonfarm employment has risen by 16,400 jobs.

"The strong uptick in nonfarm employment and the stable unemployment rate are both signs of steady and sustainable economic growth," said Shanker.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, eight of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while three declined.

Kentucky's leisure and hospitality sector posted a strong gain of 3,800 jobs in May 2014. Since May 2013, the sector has gained 7,300 positions. This sector includes arts, entertainment, recreation, accommodation and food services.

"The hospitality sector has seen solid employment gains throughout 2014. The growth is a barometer of consumers' expectation. When discretionary spending at restaurants rises it indicates that consumers are positive about the outlook for the labor market," said Shanker.

The state's professional and business services sector grew by 2,800 jobs in May 2014. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last May, jobs in the sector have increased by 4,100.

"The month-to-month gain came principally from the subsector associated with temporary employment services with the addition of 2,900 positions" said Shanker.

The educational and health services sector added 800 positions in May 2014. The sector has gained 3,100 jobs since May 2013.

Kentucky's trade, transportation and utilities sector rose by 500 jobs in May 2014. This is the largest sector in Kentucky with 371,600 positions, and accounts for about 20 percent of nonfarm employment. Since May 2013, jobs in this sector have grown by 1,900.

The number of jobs in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, was up by 500 positions in May 2014 from a month ago. Compared to a year ago, 800 jobs have been added.

The government sector, which includes public education, public administration agencies and state-owned hospitals, rose by 400 jobs in May 2014. The sector had 3,300 more jobs compared to May 2013.

"The sharp year-to-year upswing in government employment has been driven by state funding for educational services, both K-12 and postsecondary. The increase in college tuition has been tempered somewhat by increased funding for student assistants. When state money is used to pay students in food services, maintenance and research, they are counted as state government employees," explained Shanker.

The state's manufacturing sector employment grew by 200 in May 2014. Since May 2013, employment in manufacturing has fallen by 700 jobs.

"Job growth remains strong in the area of durable goods, especially for motor vehicle and parts. However, in the area of nondurable goods, which includes food processing as well as plastics and petroleum products, there has been a drop," said Shanker.

Employment in the mining and logging sector rose by 200 in May 2014. The number of jobs in this sector has gone up by 200 since last May.

The information sector decreased by 100 positions in May 2014. This segment has declined by 300 positions since May 2013. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

The financial activities sector posted a loss of 600 jobs in May 2014. Compared to May a year ago, businesses involved in finance, insurance, real estate and property leasing have decreased by 2,800 jobs.

The state's construction sector dropped by 1,000 positions in May 2014 from a month ago. Since May 2013, employment in construction has fallen by 500 jobs.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.